



**RBA
AUSTIN HOUSING FINANCE CORPORATION
RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO.: AHFC-2
AGENDA DATE: Thu 03/23/2006
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SUBJECT: Approve the negotiation and execution of a Rental Housing Development Assistance Program loan to NMF Housing VI, Incorporated, in an amount not to exceed \$180,000 for the acquisition of two multi-family rental properties comprising a total of 15 efficiency units for low-income persons with mental disabilities at 6607 and 7102 Guadalupe Street, subject to environmental assessment and in compliance with applicable federal regulations including the Code of Federal Regulations Title 24 Section 85.40 performance goals.

AMOUNT & SOURCE OF FUNDING: Funding is available in Community Development Block Grant funding in the Fiscal Year 2005-2006 budget allocation of the Austin Housing Finance Corporation under the Rental Housing Development Assistance Program.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING DEPARTMENT: Austin Housing Finance Corporation **DIRECTOR'S AUTHORIZATION:** Paul Hilgers

FOR MORE INFORMATION CONTACT: Paul Hilgers, Executive Director, Austin Housing Finance Corporation, 974-3108.

PRIOR BOARD ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

NMF Housing-VI, Incorporated (NMF) is a newly created 501(c)(3) non-profit corporation established by the Austin-Travis County Mental Health Mental Retardation (MHMR) Center to meet U. S. Department of Housing and Urban Development (HUD) requirements for grant funds for the acquisition, rehabilitation and operation of two multi-family properties located at 6607 and 7102 Guadalupe Street. The two properties comprise a total of 15 efficiency units and are currently owned and operated by MHMR for low-income individuals with mental disabilities. Both properties are in critical need of renovation due to many years of use and limited available resources for major repairs. HUD grant funds are contingent upon NMF's acquisition of the properties from MHMR for not less than fair-market value, and NMF's commitment to rehabilitate and continue operating the properties for the benefit of MHMR clients.

The Rental Housing Development Assistance (RHDA) program loan will assist in the acquisition of the properties. Following acquisition, HUD grant funds will be used for the rehabilitation and subsequent operation of the units through monthly rent subsidies for a minimum of five years, available for up to 40 years through renewals. Upon approval, the project will be subject to all applicable federal environmental review and fund release requirements

The 15 efficiency units average 357 square feet in size, and both facilities include a laundry room and storage area. Renovations will be done in accordance with local, state and federal standards, and no tenants will be permanently displaced. A minimum of two units will be made accessible for persons with

mobility disabilities, and at least one unit will be accessible for persons with hearing or vision disabilities. All units will be adaptable for persons with mobility, hearing or vision disabilities.

Both facilities will serve persons with chronic mental illness with yearly incomes of no more than 50 percent of the Austin area median family income (MFI - currently \$24,900 for a one-person household). Residents will pay no more than 30 percent of their adjusted gross income for rent and utilities, with the HUD rent subsidies paying the difference between rent revenues and actual operating costs.

The project was received in response to the RHDA program's Notice of Funding Availability (NOFA) that provides financial assistance for the development of affordable rental housing for low- and moderate-income households and persons with special needs. Estimated sources and uses of funds for the project are as follows:

<u>Sources:</u>		<u>Uses:</u>	
HUD Grant	\$1,129,475	Acquisition	\$480,000
RHDA funds	<u>180,000</u>	Predevelopment	80,100
Total	\$1,309,475	Construction	633,888
		Soft Costs	<u>115,487</u>
		Total	\$1,309,475

Performance measures associated with the project are as follows:

1. Acquire 15 units of affordable rental housing for persons with mental disabilities having yearly incomes of no more than 50% of the Austin area MFI.
2. Provide a minimum of two units accessible for persons with mobility disabilities, and at least one unit for persons with hearing and vision disabilities.

Following Board approval, a loan in an amount not to exceed \$180,000 for a term of 10 years at zero percent interest, or such other terms as may be determined reasonable and appropriate to finance the project, will be negotiated and executed with NMF. Repayment of the loan will be deferred on a yearly basis for the duration of the 10 year period. Principal and interest will be forgiven at the end of the loan term contingent upon compliance with the loan agreement.

The requested funding is available in the Fiscal Year 2005-2006 budget allocation of the Austin Housing Finance Corporation (AHFC), and the request is consistent with the City of Austin's currently approved Consolidated Plan and the AHFC's strategy to provide assistance through below market rate financing for the development of affordable rental housing for low- and moderate-income households and persons with special needs.